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FISCAL IMPACT STATEMENT

LS 6885

BILL NUMBER: HB 1128

NOTE PREPARED: Jan 6, 2008

BILL AMENDED:

SUBJECT: Indiana Defense Development Corporation.

FIRST AUTHOR: Rep. Welch

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Indiana Defense Development Corporation (IDDC) and the Indiana Defense Industry Promotion Fund. It specifies the corporation's membership, powers, and duties. The bill also requires the Military Base Planning Council to identify opportunities for collaboration with the IDDC. It makes an appropriation.

Effective Date: July 1, 2008.

Explanation of State Expenditures: *Summary-* This bill establishes the Indiana Defense Development Corporation and the Indiana Defense Industry Promotion Fund. It allows the Fund to solicit and accept private funding and public donations and the IDDC to charge fees in association with services offered. It also provides that the General Assembly should make an appropriation. The bill's provisions will result in an indeterminable increase in expenditures. Ultimately, the source of funds and resources required for the implementation and administration of the IDDC will depend upon legislative and administrative actions. Any fiscal impact will likely begin in FY 2009.

Background- The Defense Division in the Indiana Office of Energy and Defense Development helps develop and promote Indiana's defense-related industries by providing information and resources to companies and educational institutions seeking federal contracts. As a point of reference, as of January 5, 2008, the office had 10 employees. Typically an appropriation is given for distribution purposes, specifically grants. The office receives federal funds for operating expenses, including wages.

Indiana Defense Development Corporation- This bill establishes the IDDC in order to encourage

diversification, development, and growth of the defense industry sector of the Indiana economy; create new defense industry jobs; retain existing defense industry jobs; grow existing defense-related businesses in Indiana; and promote military facilities in Indiana. The IDDC is entitled to enter into contracts, employ legal counsel, technical experts, other agents and employees, permanent or temporary, as deemed necessary by the IDDC and approved by the State Budget Agency. The IDDC may determine the qualifications, duties, compensation, and terms of service for persons employed as either employees or contractors.

The bill requires the IDDC board to consist of the following 12 members, none of whom may be members of the General Assembly:

- (1) The Director of the Office of Energy and Defense Development.
- (2) The President of the Indiana Economic Development Corporation.
- (3) The President of Indiana University or the President's designee.
- (4) The President of Purdue University or the President's designee.
- (5) Two members appointed by the Speaker of the House of Representatives.
- (6) Two members appointed by the Minority Leader of the House of Representatives.
- (7) Two members appointed by the President Pro Tempore of the Senate.
- (8) Two members appointed by the Minority Leader of the Senate.

The bill requires the board members appointed by a member of the General Assembly to have the following knowledge and experience in at least one of the following areas:

- (1) The commercialization of research and development.
- (2) Technology transfers.
- (3) Venture capital.
- (4) Military or government procurement.
- (5) High technology business operations.
- (6) The organization, internal capabilities, operations, and material requirements of the U.S. Dept. of Defense.

The board is required to meet at least once every three months. Board members are entitled to a salary per diem equivalent to that of the General Assembly (\$141 as of January 5, 2008) and travel and other expense reimbursement. The board may elect to allow IDDC employees to participate in the Public Employees' Retirement Fund, group insurance, and other benefit plans, including the state employees' deferred compensation plan, that are available to state employees.

The board and employees of IDDC are under the jurisdiction of and subject to rules adopted by the state Ethics Commission and subject to ethics rules and requirements that apply to the executive branch of state government. However, the board may adopt additional rules and requirements that are more stringent than those adopted by the state Ethics Commission.

Indiana Defense Industry Promotion Fund - This bill establishes the Fund within the State Treasury to carry out the mission and objectives of the IDDC. Money in the fund does not revert to the General Fund at the end of the fiscal year. The bill allows the IDDC to establish a nonprofit subsidiary corporation to solicit and accept private sector funding, gifts, donations, bequests, devises, and contributions. A subsidiary corporation must report the use of the money and the balances in any accounts or funds to the Budget Committee annually. The State Board of Accounts is also required to annually audit a subsidiary corporation.

The IDDC is also permitted to charge and collect fees in association with loans, guarantees, advances, insurance, commitments, or use of the IDDC's services or facilities.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected:

Information Sources:

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